

Business Entities Test Specifications (revised September 2019)

- I. Corporations
 - A. Formation
 - 1. Articles of incorporation
 - 2. Bylaws
 - 3. Incorporation and liability for pre-incorporation transactions
 - 4. Naming requirements
 - 5. Need for registered agent
 - B. Corporate powers and ultra vires
 - C. Shares and shareholders
 - 1. Authorized shares, par value, issued and outstanding shares
 - 2. Subscriptions for shares
 - 3. Issuance of shares
 - 4. Restrictions on transfer of shares
 - 5. Shareholders' preemptive rights
 - 6. Classes of shares
 - 7. Distributions to shareholders and share buybacks
 - 8. Shareholder meetings and notice requirements
 - 9. Proxies
 - 10. Shareholder voting groups

11. Shareholder agreements
12. Shareholder right to inspect corporate records
13. Shareholder direct and derivative actions
14. Limitations on liability for shareholders

D. Directors

1. Qualifications and number of directors for for-profit and not-for-profit corporations
2. Terms of directors
3. Board of director meetings, quorum and notice requirements
4. Director duties and liability
 - a. Duty of care
 - b. Duty of loyalty
 - c. Director liability for breach of duty
 - d. Director liability for unlawful distributions
3. Resignation and removal of directors
4. Compensation of directors
5. Vacancy on board of directors

E. Officers

1. Required officers
2. Officer duties and liability

3. Officer compensation and contract rights
 4. Indemnification of officers
 - F. Mergers, asset sales, share exchanges, and control share acquisitions
 1. Voting requirements
 2. Appraisal rights
 - G. Dissolution
 1. Dissolution without judicial intervention
 2. Grounds for judicial dissolution
 3. Winding up
 - H. Certificate of authority: purpose and consequences of transacting business without certificate of authority
- II. Limited Liability Companies
- A. Formation
 1. Articles of organization
 2. Operating agreement
 3. Pre-formation agreements with respect to operating agreement
 4. Naming requirements
 5. Need for registered agent
 - B. LLC property, contributions to an LLC, and liability for contributions
 - C. Members
 1. Rights, authority, and duties of members

2. Personal liability of members and LLC's ability to indemnify
3. Distributions to members
4. Member's transferable interest and charging orders
5. Addition of new member
6. Dissociation of member

D. Managers

1. Distinguish between member-managed and manager-managed
2. Rights, authority, and duties of managers
3. Personal liability of managers and LLC's ability to indemnify

E. Direct and derivative actions

F. Mergers, interest exchanges, and conversions

1. Voting requirements
2. Appraisal rights

G. Dissolution

1. Dissolution without judicial intervention
2. Grounds for judicial dissolution
3. Winding up

H. Certificate of authority: purpose and consequences of transacting business without certificate of authority

III. General and Limited Partnerships

- A. Formation
 - 1. Partnership agreement
 - 2. Conduct that forms a general partnership
 - 3. Certificate of limited partnership
 - 4. Naming requirements
 - 5. Service of process and registered agent
- B. Partnership property, contributions to a partnership, and liability for contributions
- C. General partners
 - 1. Rights, authority, and duties
 - 2. Personal liability
 - 3. Addition of general partner
 - 4. Dissociation of general partner
 - 5. Distributions to general partners
 - 6. General partner's transferable interest and charging orders
 - 7. Statement of denial
 - 8. Liability of purported partner
- D. Limited partners
 - 1. Rights, authority, and duties
 - 2. Personal liability
 - 3. Addition of limited partner

4. Dissociation of limited partner
 5. Distributions to limited partners
 6. Limited partner's transferable interest and charging orders
- E. Direct and derivative actions
- F. Mergers and conversions
1. Voting requirements
 2. Appraisal rights
 3. Liability of partner after conversion or merger, including power to bind organization
- G. Dissolution
1. Dissolution without judicial intervention
 2. Grounds for judicial dissolution
 3. Winding up
 4. Liability of partner after dissolution, including power to bind partnership
- H. Certificate of authority: purpose and consequences of transacting business without certificate of authority